

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 111

June 24, 1997, 10:59 am
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BALANCED BUDGET ACT/Strike Part B Copayment

SUBJECT: Balanced Budget Act of 1997 . . . S. 947. Roth motion to table the Kennedy/Wellstone amendment No. 429.

ACTION: MOTION TO TABLE AGREED TO, 59-41

SYNOPSIS: As reported, S. 947, the Balanced Budget Act of 1997, will make net mandatory spending reductions to achieve the savings necessary to balance the budget by 2002 and to provide the American people with tax relief. This bill is the first reconciliation bill that is required by H.Con. Res. 84, the Budget Resolution for fiscal year (FY) 1998 (see vote No. 92). The second bill will provide tax relief (see vote No. 160).

The Kennedy/Wellstone amendment would strike section 5362. Section 5362 will require a \$5 copayment for those home health care visits under Medicare that this bill will fund under Part B, unless the beneficiaries are below the poverty line, in which case the copayment will be paid by Medicaid. Currently, such visits, which are the fastest growing part of Medicare at an average annual growth rate of 37 percent from 1988 to 1996, are paid for entirely by the Federal Government under Part A of Medicare. Other Part A services have deductibles. Part B services have premiums and deductibles. In 1990, the total cost of home health care visits was \$4 billion. In 1995, it was \$16 billion. The projected cost for next year is \$21.1 billion. In 1968, home health care comprised 1 percent of all Medicare costs; in 1996 it comprised 14 percent. The average cost per visit is now approximately \$90. No limit is placed on the number of yearly visits per beneficiary. In 1983, 45 Medicare enrollees per thousand used this program, with an average number of 28 visits per year; in 1995, 97 Medicare enrollees per thousand used this program, with an average number of 70 visits per year. Before 1989, visits were limited to 100 per year and were only allowed after a hospitalization. Since 1989, all that has been necessary to receive unlimited visits is that a beneficiary be homebound and under the supervision of a physician. Currently home health care visits are offered under Part A of Medicare, which is funded by beneficiaries through the Medicare trust fund. For Part B of Medicare, enrollment in which is voluntary, participants pay 25 percent of the premium costs and have deductibles of 20 percent for services received. The taxpayers pay most of the costs out of general revenues. This bill will partially transfer home health care services to Part B. However, participants' 25-percent share of the premium increase that will be caused by this transfer will be phased

(See other side)

YEAS (59)			NAYS (41)			NOT VOTING (0)	
Republicans (50 or 91%)	Democrats (9 or 20%)		Republicans (5 or 9%)	Democrats (36 or 80%)		Republicans (0)	Democrats (0)
Abraham	Hutchinson	Baucus	Collins	Akaka	Johnson		
Allard	Hutchison	Breaux	Coverdell	Biden	Kennedy		
Ashcroft	Inhofe	Bryan	D'Amato	Bingaman	Kerry		
Bennett	Jeffords	Conrad	Snowe	Boxer	Kohl		
Bond	Kempthorne	Graham	Specter	Bumpers	Landrieu		
Brownback	Kyl	Kerrey		Byrd	Lautenberg		
Burns	Lott	Lieberman		Cleland	Leahy		
Campbell	Lugar	Moynihan		Daschle	Levin		
Chafee	Mack	Robb		Dodd	Mikulski		
Coats	McCain			Dorgan	Moseley-Braun		
Cochran	McConnell			Durbin	Murray		
Craig	Murkowski			Feingold	Reed		
DeWine	Nickles			Feinstein	Reid		
Domenici	Roberts			Ford	Rockefeller		
Enzi	Roth			Glenn	Sarbanes		
Faircloth	Santorum			Harkin	Torricelli		
Frist	Sessions			Hollings	Wellstone		
Gorton	Shelby			Inouye	Wyden		
Gramm	Smith, Bob						
Grams	Smith, Gordon						
Grassley	Stevens						
Gregg	Thomas						
Hagel	Thompson						
Hatch	Thurmond						
Helms	Warner						

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

in over 7 years, and instead of requiring a 20 percent deductible like other Part B programs (which would be approximately \$18 per visit), only the \$5 dollar copayment will be required. The first 100 visits per year for a beneficiary after a hospitalization will still be covered under Part A without any copayment; other visits will be covered under Part B. The total yearly amount of copayments per beneficiary will be capped at \$760, which is equal to the deductible paid by a Part A recipient after a 3-day hospital stay before receiving home health care visits.

Debate on a first-degree amendment to a reconciliation bill is limited to 2 hours. After debate, Senator Roth moved to table the Kennedy amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

A \$5 copayment fee for home health care visits is a very modest, reasonable requirement to impose, especially considering that it will greatly contribute to the continued solvency of Medicare. It will accomplish that end by restraining unnecessary spending rather than raising any significant amount of money. Home health care spending has been growing at an average rate of 37 percent annually over the last decade. In other words, it has been doubling every 3 years. Right now, it is at 14 percent of all Medicare spending; if the present trend continues, it will reach 28 percent in 3 years and will be over half of all spending in 6 years. Our colleagues who are so fond of demagoging this issue have steadfastly refused (in this debate) to face the fact that this growth rate is unsustainable. They insist that all of this spending is necessary. We are sure that all of the new companies that are providing home health care services agree. The number of those new companies is growing faster than the program itself. We know of some people who recently got out of the garbage collection business and went into this field because it is so lucrative. Right now, the Federal Government guarantees 100 percent payment for any visit; any company and any Medicare beneficiary can schedule unlimited numbers of visits and Uncle Sam will pick up the whole tab. It is a "can't lose" business proposition. The rest of the Medicare program does not operate this way; if it did, it would have grown at the same rate as home health care (which not too long ago comprised only 1 percent of Medicare spending) and the program would have already gone broke.

Part A of Medicare, for hospitalization, is mandatory on Americans. It is financed through the payroll tax. Home health care was originally conceived of as an extension of hospitalization, though it is now provided whether or not it has been preceded by a hospital stay. To the extent that it is still connected with hospital visits, this bill will keep home health care under Part A and will not require a copayment. The deductible for a 3-day hospital visit is \$760. Part B of Medicare, for physician payments, is optional. Participants only pay for 25 percent of the costs; taxpayers subsidize the rest. At President Clinton's request, and at the urging of congressional Democrats, this bill will transfer the rest of home health care visits to part B of Medicare. Democrats want this service to be optional; only senior citizens who elect to enroll, and pay for (though only 25 percent), Part B of Medicare will be eligible for the benefit. They only want it to be optional for bookkeeping reasons. If it stayed in Part A of Medicare without reforms it would bankrupt the program in a few years. If it is in Part B of Medicare, however, it will draw funds from the general fund of the Treasury instead, greatly increasing the deficit but not depleting the trust fund. This bill goes along with the Democrat's request, with the additional requirement that beneficiaries will have to pay \$5 for each Part B home health care visit, up to a maximum of \$760 (which will be consistent with the deductible for a hospital stay). Medicaid will pay the fee for anyone below the poverty line. The purpose of the fee is to stop unnecessary visits. As a basic economic principle, even small payments can affect people's behavior. This fee will stop abuses of the program. Surprisingly, some liberal Democrats have made extreme charges that this fee will devastate poor senior citizens. This fee, though, is much lower than other Medicare fees and people who are officially poor are totally exempt from paying it. If this fee is so terrible, then other Medicare premiums and deductibles must be much worse, yet we do not hear our colleagues making any histrionic charges about them. Even more telling is that the very Senators who have proposed this amendment were the strongest supporters of President Clinton's plan to socialize health care in the 103rd Congress. That plan transferred all of the home health care program to Part B, and it required a 20 percent deductible, which is roughly 4 times as much as the \$5 copayment proposal in this bill.

In addition to our colleagues' argument that we are being unspeakably cruel in proposing a fee that is only one-fourth the size of the fee they recently advocated, two other arguments have been made. First, the claim has been made that this fee was proposed to give more tax relief to "wealthy" Americans. This claim is nonsense. The tax relief bill, which has not yet come to the floor, will provide \$8 billion less in tax relief than was agreed upon in the budget agreement. Additionally, over the first 5 years 75 percent of its benefits will go to people making \$75,000 or less; do our colleagues think such working Americans are wealthy? Second, our colleagues have argued that this proposal is bad because it imposes an unfunded mandate on the States to make them pick up the tab for poor people through Medicaid. In response, the Federal Government will spend well over \$100 billion on home health care services over the next 5 years; the States will pay \$700 million on the fee under the terms of this bill. We do not think that amount is unreasonable.

The \$5 copayment fee is neither a Republican nor a Democratic proposal—it is a bipartisan proposal that was adopted unanimously by the members of the Finance Committee. It is a modest, reasonable means of controlling the exploding costs of home health care

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services. We urge our colleagues to resist the efforts of some Senators to demagogue this proposed fee. We urge them to reject the Kennedy amendment.

Those opposing the motion to table contended:

The Kennedy/Wellstone amendment would strike a new \$5 billion tax on poor, sick, old people that our colleagues want to enact so they can give the money in tax breaks to the obscenely wealthy. That \$5 billion will be collected over 5 years by making senior citizens pay \$5 of the cost of any home health care visit they receive under Medicare. The Finance Committee did not need to include that \$5 billion new tax in its reconciliation proposal, because even without that money it achieved the savings it was required to make. It proposed the tax anyway out of the belief that home health care services are overutilized and on the assumption that a \$5 fee per visit will discourage unnecessary visits. We disagree with the belief that home health care services are overutilized. Most of the people who receive these visits receive them on the advice of their doctors. They are medically necessary visits. Therefore, this fee will serve no useful purpose. Though it will have no benefit, it will cause substantial harm. Most of the people who receive home health care visits are poor, with average incomes of about \$12,000. If a \$5 fee is imposed, many of them will forego recommended visits. Then, because most of them are also very old and frail, they will end up getting much sicker and will have to be institutionalized at much greater cost. When home health care services were first given in the 1960s, a copayment was required, and the result was exactly as we have just described. The fee was removed in order to encourage greater use of home health care visits both to benefit the patients by allowing them to remain at home and to benefit the Government by lowering costs. Making this proposal even more objectionable is that this bill will achieve great savings in the Medicare program, including from this fee, and instead of spending those savings on the Medicare program it will give large tax breaks to extremely wealthy Americans. A final problem is that it will require the States to pay the fee for people who fall below the poverty line. Interestingly, our colleagues who are usually against unfunded mandates have not complained about this mandate, which will cost the States \$700 million over 5 years. This proposal for a \$5 copayment on home health care visits is obviously a bad idea. We urge our colleagues to support the Kennedy amendment to strike it from the bill.